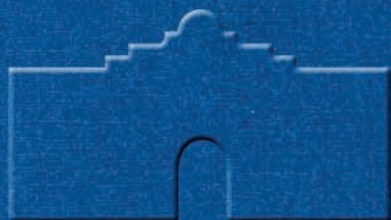


REACHING NEW HEIGHTS



City of San Antonio
ANNUAL REPORT 2006



The Tower of Americas opened in 1968 as the centerpiece for San Antonio's World's Fair and Exposition, better known to locals as HemisFair. The 750-foot tower became part of an economic revolution in a city better known for a little Spanish mission and its part in Texas' historic revolution. While the Alamo put San Antonio on the map, HemisFair and the Tower forever changed San Antonio's skyline and sparked the city's imminent rise on the global stage.

Almost four decades later, San Antonio has evolved from World's Fair to world class. While the city's population has doubled, its industries have multiplied, and its downtown has grown taller and wider, the Tower quietly remained unchanged if not somehow overlooked. After several months of renovation, the Tower was reopened in June 2006 thanks to a partnership between the City and Landry's Restaurants. The renovation resulted in not only the Tower's preservation, but more importantly in its progression and transformation as a 21st Century entertainment destination that welcomes residents and visitors.

Like 1968, the Tower's recent renaissance symbolizes yet another economic revolution in South Texas. Today, San Antonio is the country's seventh largest city and it continues to experience unprecedented growth. Residential and commercial development coincide with the city's success in emerging industries such as manufacturing and information technology as well as familiar trades such as aerospace, health care and hospitality. Progress also has placed an increased demand on City services. However, thanks to innovation and efficiency, municipal government has remained undaunted in its delivery of basic services to more than 1.2 million residents. The City's 12,000 employees continue to respond in times of need while striving to improve neighborhoods, support critical social services and provide recreational programs that maintain San Antonio's high quality of life.

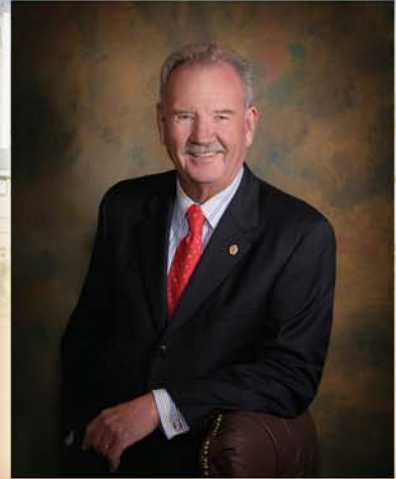
An aspiring city that built a modern tower in 1968 is reaching new heights in 2006. While the Tower of Americas remains the tallest structure in the city, the sky's the limit for how high San Antonio can go.

MAYOR

Phil Hardberger

Dear Friends,

These are the best of times for San Antonio, and I am proud of the successes that we have achieved as a community in this last year.



In 2006, San Antonio made great strides in both economic development and quality of life. We have established ourselves as a vital high tech and data center in the Southwest. We have continued to grow our biosciences and financial services industries. And with the recommendations of the Base Realignment and Closure Commission, San Antonio will grow as a major military medical center.

Our growth has brought us tremendous opportunities, but it also brings new challenges. We care deeply about our natural environment and preserving the quality of our air and our water. We must guard these resources, and we are taking the steps necessary to do so. At the same time, we must also ensure that with growth, we do not let the quality of our community slip away. Throughout history, cities have gotten bigger, but they haven't always gotten better. In San Antonio, we want to be a great city, not just a big city.

For these reasons, we are working to increase our park space, most notably with the acquisition of the 311-acre Voelcker Ranch, which will be completed next year. We are also investing in the arts and in our creative economy. We have a rich culture in San Antonio, and we will continue to celebrate it and share it with the world. Finally, we are maintaining our focus on basic infrastructure and high-quality City services for our citizens.

We look to the future with great excitement in San Antonio. We know that we have great work ahead of us. We are a capable people with an indomitable spirit, and we look forward to the chance to build a stronger city in the years ahead.

Sincerely,

Phil Hardberger

Phil Hardberger
Mayor

CITY COUNCIL

San Antonio, Texas

The City of San Antonio operates under a council-manager form of municipal government. The City Council is comprised of 10 representatives elected by district while the Mayor is elected at large. The City Council sets policies that are implemented by the City Manager and more than 12,000 employees in 38 departments.



2005-2007 San Antonio City Council

Patti Radle, District 5; Richard Perez, District 4; Roland Gutierrez, District 3; Sheila D. McNeil, District 2; Roger O. Flores, District 1; Phil Hardberger, Mayor; Christopher "Chip" Haass, District 10; Kevin Wolff, District 9; Art A. Hall, District 8; Elena Guajardo, District 7; Delicia Herrera, District 6; Sheryl Sculley, City Manager

		Phone	Fax
Mayor	Phil Hardberger	(210) 207-7060	(210) 207-4168
District 1	Roger O. Flores	(210) 207-7279	(210) 207-7027
District 2	Sheila D. McNeil	(210) 207-7278	
District 3	Roland Gutierrez	(210) 207-7064	
District 4	Richard Perez	(210) 207-7281	
District 5	Patti Radle	(210) 207-7043	
District 6	Delicia Herrera	(210) 207-7065	
District 7	Elena Guajardo	(210) 207-7044	
District 8	Art A. Hall	(210) 207-7086	
District 9	Kevin Wolff	(210) 207-7325	
District 10	Christopher "Chip" Haass	(210) 207-7276	



CITY HALL

Sheryl Dunley



As I reflect on my first year as City Manager, I want to share with you some accomplishments and why I believe San Antonio has untold promise and opportunity. It has been a year of positive change, reinforced by the support of the Mayor and Council, staff, and community. We have worked together as a team, focused on results, with an emphasis on integrity to improve the City organization.

I also want to thank the San Antonio community for welcoming my family and me with genuine abrazos of kindness. Your acceptance and encouragement are indicative of a citizenry that is willing to embrace new leadership and a new approach to the way business is conducted at City Hall.

Over the past year, I have dedicated time to community outreach enabling me to connect with residents, neighborhood associations, business representatives, special interest groups, and individuals who have given me their perspectives on City services and programs. Their input has been invaluable as we have tackled the budget, bonding capacity and business professionalism issues.

Since November 2005, I have appointed 40 city executives including Deputy and Assistant City Managers, Department and Assistant Department Heads. The recruitments for Police Chief, Aviation Director, Convention and Visitors Bureau Director, and Animal Care Services Director included community participation. Many thanks go to the more than 50 volunteers who participated on interview panels.

Of my 40 appointments, 30 are internal promotions and 10 are external recruitments with 2 of the 10 coming from the San Antonio community; 24 of the 40 are Hispanic, African American and Native American. This diverse group of individuals with exceptional experience and educational backgrounds are dedicated and committed to serve our San Antonio community.

Fiscal responsibility is paramount to the success of any organization. I have focused on the development of methods that will secure the growing success of our city. In the spring, we provided the City Council with alternatives regarding a 2007 bond program addressing the city's financial capacity, staff's capability to implement, and the public process. We recommended a five-year, \$550 million bond program, the largest in city history without a property tax rate increase.

We recommended and the Council approved a 2007 annual budget including 100 more police officers (and reserved funding for 50 more police officers in 2008), 46 additional fire and EMS personnel, a 29% increase in the street maintenance budget, 8 more code enforcement officers, and \$19 million in additional general fund reserves.

A video summarizing the budget was produced and the budget was taken "on the road" to all 10 City Council districts. More than 800 residents attended the district budget hearings and over 250 people spoke at the forums. We also published a budget pamphlet in English and Spanish and included the summary of the proposed budget in the Express-News and La Prensa newspapers, respectively.

My recommended budget also eliminated lesser priority budget items by cutting \$4.5 million and 243 positions. All City employees now earn a "livable wage" and no layoffs accompanied position eliminations.

The City Council agenda process has been streamlined and on-line computer access to all agenda materials for staff and the public has been implemented.

Improvements are being made to the business practices of the Development Services Department. I appointed a new department head, added building inspectors, improved the one-stop concept by adding drainage, SAWS and CPS staff, extended hours of operation, and re-established the budget as a business enterprise. We are focusing on technical and customer service training for staff.

A "health check" of the city's fledgling financial management system was initiated, resulting in 113 recommendations, of which 65% are completed. The balance will be implemented by April 2007.

The malfunction of Fire equipment was immediately addressed by replacing it to ensure the safety of our employees and residents.

An Ethics Training program was developed and attendance was mandated for all 12,000 City employees.

An accelerated plan to automate garbage collection was developed. The result will be better service, more recycling, fewer low paying jobs, a skilled workforce, and less cost.

Working with the Animal Care Services Advisory Board, a Five-Year Strategic Plan was developed which was adopted by the Council.

The City's economic development policies were updated and we collaborated on the recruitment of several technology, financial service, and aeronautical businesses to San Antonio.

In summary, working as a team we are focused on professionalism and continuous improvement. Effecting change is never easy, but it is necessary as we work together to make San Antonio a truly great city. We are positioned to take the City to a new level and be recognized as one of the best cities in America.

Thank you for the opportunity to serve as your City Manager and thank you for welcoming me to this wonderful and vibrant community.


Sheryl Sculley, City Manager



City of San Antonio Management Team

City Manager	Sheryl Sculley	207-7080
Deputy City Manager	Jelynn LeBlanc Burley	207-7080
Deputy City Manager	Pat DiGiovanni	207-7080
Assistant City Manager	Frances A. Gonzalez	207-7080
Assistant City Manager	Erik Walsh	207-7080
Assistant City Manager	Penny Postoak-Ferguson	207-7080
Assistant City Manager	T.C. Broadnax	207-7080
Assistant to the City Manager	Sharon De La Garza	207-7080
City Attorney	Michael Bernard	207-8940
Chief Information Officer	Michael Armstrong	207-8373
Executive Assistant to the City Manager	Edward A. Benavides	207-5004

INDUSTRY

Reaching New Heights

Manufacturing, financial services, and information technology - these are just a few of the new industries that San Antonio looked to for expansion and diversification of its emerging economic base in 2006. Add these to the Alamo City's old standbys - biomedical research, aerospace, tourism, and the military, and San Antonio continued its pursuit of a high performance economy that will sustain its prosperity for years to come.



Toyota Motor Manufacturing Texas



- The City continued its efforts to enhance initial plant operations for Toyota Motor Manufacturing, Texas, by providing economic incentives for Toyota's Tier One suppliers. The suppliers are expected to further stimulate Toyota's contribution of an \$800 million plant and 2,000 local jobs with an additional \$350 million investment in San Antonio's economy.

- The City also reeled in a new 100,000-square foot Lowe's data center to San Antonio. Lowe's, a Fortune 500 company, will build the center to centralize data transactions and storage for its increased business volume. For San Antonio, the center will create new high-tech jobs, generate additional utility and sales tax revenues, and expand the area's growing information technology industry.

- Construction continues on the 1,000-room Grand Hyatt Convention Center Headquarters Hotel on Market Street. The hotel is not only expected to transform the downtown skyline, but it also is expected to increase San Antonio's status as a tier-one destination for convention and tourism. The hotel should be completed in 2008.

- The City, in collaboration with Bexar County, encouraged Sino Swearingen Aircraft Company to maintain and expand their manufacturing facility at San Antonio International Airport. The company plans to invest \$70 million in a new facility to design and manufacture a new plane for general aviation. The facility is expected to create as many as 850 new jobs by 2012.

- The Texas A&M Board of Regents approved \$40 million in tuition revenue bonds for the development of a Texas A&M-San Antonio campus on San Antonio's south side. The campus will open in 2009, eventually serve 25,000 students, and stimulate economic development on the south side.

- City Council approved \$100,000 toward the implementation of initiatives that will increase the development of the city's financial services sector following an evaluation that revealed the financial services industry has a \$20.5 billion impact on San Antonio's economy.

- City Council created the Westside Development Corporation and allocated \$600,000 to foster revitalization efforts in target areas on San Antonio's west side.

- As a sign of San Antonio's continued revitalization efforts, 112,815 building permits, including mechanical, plumbing and electrical permits for contractors as well as do-it-yourselfers, were issued by Development Services.

- Almost 28,000 building plans were submitted to the Development Services Department, including plans for new residential and commercial construction. The City issued 8,253 new residential building plans and 1,699 new commercial building plans.

- The City, through Administrative Services, issued \$68.1 million in contracts for goods and services to minority, women-owned, African-American and small business enterprises.

- More than 7.8 million visitors traveled through San Antonio International Airport.

- United Airlines expanded its service at San Antonio International Airport with 11 new flights that are bringing daily nonstop service to seven destinations including sites in the Western region, Midwest and Gulf Coast area. Southwest Airlines also announced a new nonstop flight to San Diego.



- The City, in an effort to accommodate increased passenger growth at International Airport, has begun work on major capital improvements including a new seven-gate terminal, a new five-story parking garage, and extension of the two-tiered roadway system beyond the current Terminal 1.

- A \$4.8 million, 24,000-square foot expansion at Stinson Municipal Airport will accommodate new business and concessions space as well as classroom space for Palo Alto's aviation department.

- Casa San Antonio, the City's international trade offices in Monterrey, Guadalajara and Mexico

City, engaged over 706 businesses.

- The San Antonio Export Leaders Program provided 10 new local companies with the tools, training, and consultation to help them successfully penetrate global markets. Over the last seven years, this program has helped 65 companies generate \$37 million in business for San Antonio.

- The International Affairs Department hosted trade delegations from 13 countries including Korea, Japan, Spain and Indonesia.

- The City began to implement several initiatives created by The Cultural Collaborative including increased funding to local arts and cultural agencies and commencement of the development of a public art master plan.

North, south, east or west – many neighborhoods across San Antonio are challenged by similar issues. Whether its code violations, graffiti, increased traffic or stray animals, the City employed a variety of services to keep neighborhoods a place San Antonians want to come home to each day.

- The Public Works and Parks and Recreation Departments employed City crews and juvenile restitutioners to cover almost 1.2 million square feet of graffiti. Additionally, as part of the City's third Graffiti Wipeout Day, City employees combined forces with community volunteers to paint over 127,000 square feet of graffiti eyesores in parks and on drainage channels, bridges, retaining walls and fences located across San Antonio.
- Public Works completed more than 70 capital improvement projects across San Antonio that improved streets, sidewalks and drainage for residents and businesses.
- Twenty-five new traffic signals were installed to improve safety at intersections seeing increased traffic volume. Also, more than 150 signals were outfitted with Video Imaging Vehicular Detection System devices that monitor the amount of traffic volume at an intersection and improve signal coordination.
- More than 1,000 countdown devices were placed at signals on downtown streets and other pedestrian-oriented areas of the city to help pedestrians cross busy intersections safely.
- The City, in an effort to reduce speed in neighborhoods, placed 718 speed humps and installed or replaced 14,600 traffic signs. Flashing beacons also were placed in 43 school zones to remind motorists to use caution when driving near schools.
- Animal Care Services increased the number of animals saved by 4,546 through shelter adoptions, adoption events, rescues and owner reclaim.
- The City adopted a Five-Year Animal Care Strategic Plan that challenges and leads the community to achieve "no kill" by the year 2012 by focusing on five major priorities: increasing community awareness and owner responsibility; reducing the number of stray/homeless animals; promoting best practices among all animal care organizations; implementing effective public policy and ordinances; and securing needed human and financial resources.
- Code Compliance, now a part of the Housing and Neighborhood Services Department, closed almost 150,000 cases for code violations including junked vehicles, front yard parking, vacant lots and dangerous structures.
- The Council Action Team, a team of five individuals who assist Councilmembers, residents and staff to provide resolution to service issues, proactively identified and addressed 8,966 issues or concerns in San Antonio neighborhoods.
- The City's fifth Affordable Showcase of Homes was completed. Vacant property in the inner city was transformed into a new subdivision, Arroyo Vista, which includes 52 homes with an average sales price of \$89,000.
- The Housing and Neighborhood Services Department distributed \$2.5 million to 47 families to rehabilitate their homes as part of the Owner Occupied Rehabilitation Program.
- Each week, Environmental Services kept neighborhoods clean by providing garbage, recyclable and brush collection for residential customers living in more than 330,000 homes.



NEIGHBORHOODS

Reaching New Heights



PUBLIC SAFETY

Reaching New Heights



Whether they were picking up criminals or picking up stray animals, City forces continued to respond to the call in 2006. The City looked to new leadership, new facilities, and new resources to keep San Antonio residents safe and meet the needs of a growing community.

- The San Antonio Police Department responded to almost one million calls for service in 2006.

- William McManus assumed leadership of San Antonio's 2,700-member police force in March following the retirement of Police Chief Albert Ortiz.

- McManus launched a new, aggressive crime reduction plan in June called the Crime Response Unit (CRU). The CRU was a 60-day plan that identifies, targets and deters violent crime by saturating a high-crime area with mobile and visible uniformed officers from local, state and federal agencies. In its first activation, more than 1,800 individuals were arrested, drugs were seized, and violent crime was reduced in the CRU focus area. Plans are underway to make the CRU a permanent unit of the Police Department.

- The San Antonio Fire Department responded to more than 66,682 calls while EMS units were dispatched to over 121,300 incidents.

- The Fire Department replaced 11 ladder trucks with new trucks that will improve firefighters' ability to perform above-grade rescues, high-water rescues, vehicle extrications and respond to other emergencies.

- The City added three new full-time EMS units and 36 paramedics to improve response times at firestations experiencing the highest calls for service.

- All EMS units are now equipped with 12-lead EKGs (electrocardiograms) that improve paramedics' ability to detect heart abnormalities in patients and share that information with hospital emergency rooms before the patient arrives.

- Three new firestations were opened in 2006. Firestation #7 on S. St. Mary's and Firestation #25 on New Laredo Highway replaced older facilities. Firestation #47 off Interstate 10 near the Dominion will provide improved fire response to recently annexed areas in the growing north side of San Antonio.

- The City also opened the new Fire Training Academy in April. The multi-purpose facility serves as a regional training academy and allows the City to accomplish interdepartmental and specialized training sessions.

- The City and Bexar County broke ground on a new Emergency Operations Center. The center was approved by voters in November 2003 as part of separate City and County public safety bond initiatives. The joint-use facility will allow for the seamless integration and operation of City, County, regional, state and federal emergency management personnel. The new EOC will improve emergency management personnel's ability to gather, evaluate, and distribute critical information and coordinate responsive actions during a flood or significant weather event, a major hazardous materials accident, or other natural or man-made emergencies or disasters.



- The City also received \$4.7 million in homeland security grant funds for training, planning and equipment geared toward the prevention of terrorism and designed for the response, recovery and mitigation of emergencies and disasters.

- Animal Care Services responded to 85,351 service calls from citizens who requested assistance and support with stray, vicious, or sick or injured animals.



HURRICANE RELIEF

Responding to the Call

Few will forget the devastation that two hurricanes left behind along the Gulf Coast. While many cities opened their doors to evacuees, San Antonio opened its heart and transformed vacant warehouses into small cities ready to provide services to thousands of displaced Gulf Coast residents.

Hurricane Katrina occurred hundreds of miles from San Antonio. Yet the City of San Antonio activated its emergency management plan, organized its emergency operations center, and prepared to shelter and care for a countless number of evacuees. Numerous City departments responded to the call.



City and County emergency management officials worked with the Red Cross, Salvation Army and other local organizations to quickly provide for the most basic needs of evacuees such as shelter, food, and clothing. Crews worked overnight to clean buildings and coordinate the installation of additional basic comfort needs. Volunteers were organized to serve meals while donations of clothing and other essentials were quickly gathered and distributed to evacuees. In a matter of days, City employees, with the help of CPS Energy, civilian and military volunteers and private contractors, converted almost one million square feet of space, including

vacant buildings at KellyUSA, the old Levi Strauss plant and a former department store, into full-service shelters with air conditioning systems, plumbing, showers and laundry facilities.

Over several weeks, the City continued to work with other agencies and volunteers to maintain these shelter cities. Wastes at the four shelters were routinely collected by the Environmental Services Department. The San Antonio Police Department, with private, local, state, federal and international authorities, set up the widest-scale mobile command post ever in an effort to ensure the safety of residents living in the shelters. Still other employees helped process more than \$14.5 million in FEMA reimbursements to provide financial relief for evacuees. The City worked with non-profit housing providers and local apartments to find affordable homes for displaced families. Employees also helped evacuees find jobs and families find schools so their children could resume their education.

San Antonio even became a temporary home for New Orleans' professional football team. The Alamodome opened its doors to the Saints and provided not only office space for the team's employees, but an NFL-ready stadium and much-needed home field advantage for the Saints for three of their games.

Hurricane Rita, just weeks later, sent more evacuees from the Louisiana and Texas coast to San Antonio. Without hesitation, the City provided refuge for more families fleeing a storm's wrath. For many City employees, providing shelter to thousands of hurricane evacuees had simply become a part of their jobs while still providing the services that more than a million residents in San Antonio expect every day.

COMMUNITY OUTREACH

Reaching New Heights



Young, old, disabled or disadvantaged – San Antonio continued to show that it cares. In 2006, dozens of City programs made a difference in preparing youth for the future, providing a safety net for struggling families, and helping the elderly endure through their golden years. Information also was a key to connecting with the community. The City again utilized a number of tools to communicate important information about City programs to residents.

- More than 40,600 parents and their children were provided childcare services, subsidies and school readiness training by Community Initiatives and its delegate agencies.

- Over 11,000 students from five to 13 years old participated in the City's After School Challenge Program available at 131 schools.

- Community Initiatives and its delegate agencies provided youth development and intervention services to more than 19,000 local adolescents.

- The San Antonio Education Partnership provided more than \$1.1 million in scholarships to eligible high school graduates interested in pursuing their college education.

- More than 17,000 residents were provided computer, citizenship and literacy classes at the City's Community Family Resource and Learning Centers.

- Through the Volunteer Income Tax Assistance program, over 30,000 San Antonio families received free income tax preparation, resulting in tax refunds of more than \$45 million to local taxpayers.

- The City helped 6,359 clients with tenant/landlord dispute resolution assistance and other fair housing counseling services.

- Almost 22,000 persons received basic needs assistance from the City through the Department of Community Initiatives including emergency utility assistance, emergency rental assistance, child care and food stamps.



- Through the City's senior nutrition program, more than 7,000 seniors were served 987,976 meals. Additionally, more than 3,500 seniors were provided with transportation to medical appointments.

- Almost 16,000 families received homeless prevention services from the City and its delegate agencies. More than 1,200 individuals utilized transitional housing from

City-sponsored programs. Nearly 700 of these individuals transitioned into permanent housing.

- The Metropolitan Health District's Women, Infants & Children (WIC) program supported more than 47,000 participants monthly through \$39.7 million in food vouchers spent at local grocery stores.

- Metro Health's dentists visited more than 6,500 children in local Head Start programs, resulting in over 11,000 oral health screenings and some 1,500 vouchers issued for dental sealant to prevent further tooth decay.

- 33,800 flu shots were administered by Metro Health along with 35,893 back-to-school immunizations. Additionally, the department supplied 713,853 doses of vaccines to the community through the City's public clinics and private health providers.

- Metro Health conducted more than 62,000 inspections of restaurants, mobile food vendors, temporary food booths and special events to ensure the safety of food items and the cleanliness of food establishments.

- Through the Project Cool fan donation program, more than 7,400 fans were donated and distributed to seniors to provide heat relief during the summer months.

- The Emergency Housing Repair Program was developed to help seniors or persons with disabilities obtain resources for the repair of their homes. Housing and Neighborhood Services provided 100 families with financial assistance through the program.



- Significant efforts were made to encourage public and employee input throughout the City's budget process. The City utilized citizen input dropboxes at City facilities and online budget suggestion boxes to solicit input. Detailed informational brochures, newspaper inserts and video presentations were designed to educate residents about the budget. Community hearings also were held by the City Manager in all ten Council districts to educate more residents and encourage more public input before the budget was adopted.

- The City's Communications and Public Affairs Department issued 487 news releases and responded to 1,136 media inquiries in an effort to provide information to citizens about City services and events.

- The City's 311 Call Center received more than one million calls, or almost 3,000 calls per day, from citizens requesting services or inquiring about City programs.

- The City's website, www.sanantonio.gov, received 9,096,350 visits in 2006, or almost 25,000 visits per day, from local, national and international audiences seeking information about San Antonio and its municipal government.

- The City's four Community Link Service Centers continued to provide a personal connection to City government by serving more than 167,000 customers and processing over 200,000 financial transactions including garage sale permits and payment of traffic citations.

- The City assumed management and operation of the local public access and education access channels in addition to TVSA, the government access channel.

- More than six million items, including books, videos, music and magazines, were checked out at San Antonio's 23 public libraries.

- More than 135,000 children participated in activities at the libraries. Over 18,000 teens and almost 25,000 adults also participated in library programs.

- Two distinctive new libraries were opened. The Julia Yates Semmes Branch Library on Judson Road opened in November 2005. The Maury Maverick Jr. Branch Library opened in February 2006. Ground was broken in July on the John Igo Branch Library on Hausman Road. Renovations also were completed at Brook Hollow, Johnston, McCreless and Westfall Libraries.



Maury Maverick, Jr. Library

RECREATION & HOSPITALITY

Reaching New Heights



Woodlawn Lake Park

Whether you hike, bike, dribble, dabble, putt, picnic or paint – in 2006 the City provided plenty of opportunities for residents and visitors to have fun. From historic parks to natural areas, from our spacious convention center to unique historical and cultural facilities, or from Houston Street to the Tower of Americas, there was a little bit of fun for every one in San Antonio.

- Almost 112,000 people, from children to seniors, participated in various programs offered by the Parks and Recreation Department. These programs include adult and youth athletics, aquatics, and the arts as well as afterschool, summer, therapeutic and senior recreation programs offered across San Antonio.
- More than 243,000 rounds of golf were played at the City's six municipal golf courses.
- The City acquired 724 acres of parkland, including neighborhood and regional parks and acreage acquired as part of the Edwards Aquifer Protection and the Linear Creekway Programs. The Parks and Recreation Department now operates 210 parks totaling 16,875 acres.
- Forty-seven capital improvement projects were completed at City recreational facilities. Historic Brackenridge Park saw the completion of a two-phase, \$7 million renovation that restored the wilderness feel of the park by replacing certain roads with nature trails, adding new picnic units and park lighting, installing a new playground at Lion's Field, renovating the Joske Pavilion and other structures, and repairing the walls of banks that line the San Antonio River. The City also opened six new parks including: Cathedral Rock Nature Park; Crownridge Canyon Natural Area; Stone Oak Park; Northampton Park; Oscar Perez Park and Ingram Hills Park. Additionally, the first disc golf course was opened at Nani Falcone Park. Other capital improvements included six outdoor basketball pavilions, three skate parks, eight playgrounds, five miles of hiking and walking trails and renovations to 24 other recreation facilities.

- One of the City's recent acquisitions is a 107-acre tract located south of Salado Creek that will create San Antonio's newest large urban park. The park, today known as part of the Voelcker Property, will provide valuable open space on the north side of San Antonio filled with live oak, mesquite and cedar trees. A master plan will be developed for the park with a possible expansion in the future.

- The Tower of Americas was redeveloped and reopened in June as a sparkling new entertainment destination. Following a \$12 million transformation, the city icon welcomed visitors to a new revolving restaurant, an open-air observation deck, and a 4D, multi-sensory theater.

- The Office of Cultural Affairs provided funding for local arts agencies that provided more than 12,000 school and community workshops for over 300,000 people. Additionally, more than 1.4 million people attended over 3,300 performances or festivals hosted by local arts agencies that are supported by the City.

- San Antonio welcomed more than 21 million visitors in 2006 who contributed an estimated \$8.7 billion to the local economy.

- Tourists and conventioners have already booked more than 725,000 room nights in San Antonio hotels over the next 14 years.

- The Convention Facilities Department hosted almost 900,000 attendees at 455 events at the Henry B. Gonzalez Convention Center, the Alamodome and other convention facilities.

- The City welcomed its largest convention in history in August. The Evangelical Lutheran Church Triennial Youth Gathering and its 40,000 attendees utilized the Alamodome, local hotels and other facilities and made an estimated \$14 million economic impact.



- The Alamodome hosted more than 865,000 visitors at various events including New Orleans Saints football games, the 2005 NCAA Division I Volleyball Championships, high school football games, trade shows and other events.



- The City also hosted one of the largest conferences ever held by the International City Management Association. More than 4,000 city leaders from across the world came to San Antonio in September.

- More than 8,000 people came downtown each month for the Houston Street Fair and Market in the event's first year. The family-friendly fair, held the last Saturday of the month, offers live music, children's activities, handmade arts and crafts, tasty cuisine, ice-cold beverages, fresh fruits and vegetables, and adoptable pets to locals and visitors.

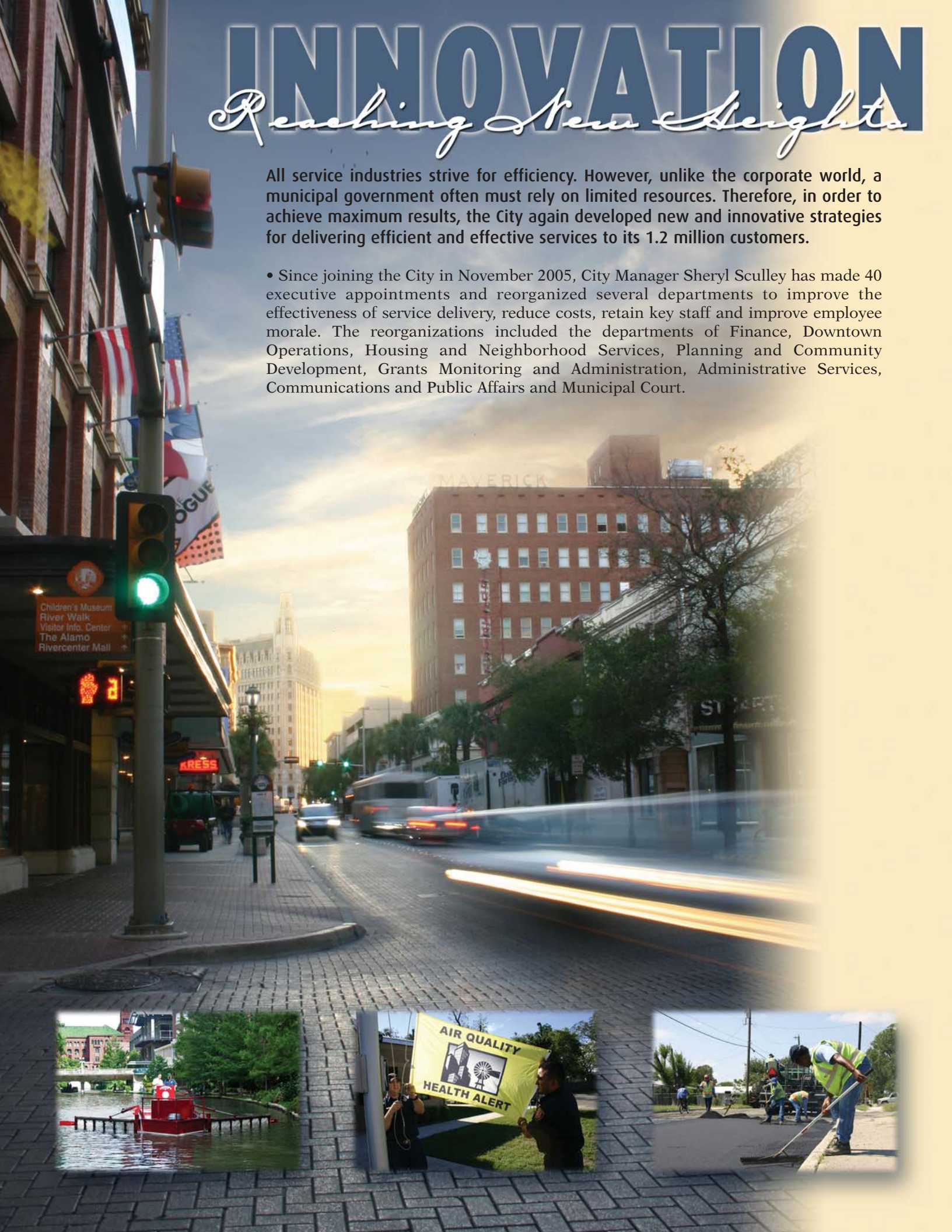


INNOVATION

Reaching New Heights

All service industries strive for efficiency. However, unlike the corporate world, a municipal government often must rely on limited resources. Therefore, in order to achieve maximum results, the City again developed new and innovative strategies for delivering efficient and effective services to its 1.2 million customers.

- Since joining the City in November 2005, City Manager Sheryl Sculley has made 40 executive appointments and reorganized several departments to improve the effectiveness of service delivery, reduce costs, retain key staff and improve employee morale. The reorganizations included the departments of Finance, Downtown Operations, Housing and Neighborhood Services, Planning and Community Development, Grants Monitoring and Administration, Administrative Services, Communications and Public Affairs and Municipal Court.



- The City passed a \$1.8 billion operating and capital budget that provides for increased street maintenance and addresses critical service issues by providing for 100 new uniformed police officers, additional firefighters, paramedics and code compliance officers, and increases the City's financial reserves.

- Parks and Recreation began using an environmentally-friendly vessel called Lady Eco that employs retractable nets to pick up trash and debris in the San Antonio River in order to maintain the pristine appearance of the River Walk. The boat, powered by compressed natural gas, saves time and helps the department devote more resources to beautifying other parts of the River Walk.

- A two-year street maintenance program was developed to stabilize costs for materials used to improve and maintain San Antonio streets. More than \$3.5 million in savings has been realized utilizing the two-year budget program.

- Development Services implemented a new online system that allows contractors to apply for residential building permits via the department's website. The system streamlines the permit process, increases customer convenience, and reduces the time it takes to receive a permit for the construction of new, single-family homes. In 2006, 52 percent of building code permits were issued online, while 47 percent of inspections were scheduled online. An event notification system also was implemented that allows contractors to receive automatic real-time notification of plan review and inspection results.

- Animal Care Services launched a new website to increase pet adoptions, help citizens find their lost pets, and offer important spay/neuter information and valuable pet care tips.

- The City Attorney Office, under the direction of Michael Bernard, reduced the City's legal fees by cutting in half the use of outside counsel in litigation.

- Municipal Court established a new docketing system that reduces the time citizens wait to appear before a judge. The new system allows cases to be processed in less than 15 minutes, compared to more than an hour with the previous docketing system. The system also reduces the number of hours police officers have to appear in court and reduces associated police overtime costs.

- The City successfully refunded existing debt to achieve interest cost savings that will reduce debt payments on bonds originally sold for the expansion of the Convention Center by more than \$10.4 million. The savings will give the City more flexibility for other related capital improvements or for the future expansion of the Convention Center.

- An electronic Council agenda process was established that provides for a more efficient preparation of departmental items for City Council consideration.

- As part of a comprehensive strategy to improve air quality, the City implemented a one-year pilot program to allow free parking for hybrid vehicles at municipal parking meters. As part of the City's Clean Fuels Initiative, the City purchased 39 gasoline/electric hybrid vehicles and performed emissions testing on 1,400 vehicles in the City fleet.

- The City and other agencies began displaying yellow Air Quality Health Alert banners at firestations, libraries and other facilities when high ozone levels are forecast to remind residents to minimize outdoor activities that might increase air pollution. Additionally, citizens were given the opportunity to register to receive air quality health alerts via their computer, mobile phone, fax machine, pager and palm pilot device through the SCAN USA public warning system.



- Environmental Services developed and analyzed a conversion plan to accelerate the implementation schedule for a two-cart, automated garbage and recyclable collection system from seven to 3.5 years. The automated system increases recycling, improves the appearance of neighborhoods, and reduces worker injuries and worker compensation costs.

- The City expanded the type of materials collected through its curbside recycling program. Residents now can recycle plastics #1 through #7, all color glass bottles and jars, and additional paper products such as magazines, junk mail inserts and paper packages in addition to newspapers.

- Aviation opened a new cell phone waiting lot to reduce airport traffic congestion and enhance travelers' experience at San Antonio International Airport.

- The City's Intergovernmental Relations Department executed an interlocal agreement for emergency medical services with several suburban cities and another agreement for preventative emergency preparedness services with University Hospital that will result in combined revenue for the City of almost \$1.2 million.



SAPD SWAT Team

The City of San Antonio was recognized in 2006 for a number of programs that responded to the community's needs, offered organizational efficiencies, utilized innovation or improved customer service.

- The SA Ambassador Program, part of Community Initiatives YO Program, received the Workforce Innovations Award at the Third Annual Alamo Workforce Systems Award Banquet in October.
- The City's Fleet Operations Division of the Administrative Services Department was named as one of the 100 Best Fleet Programs in North America by Fleet Magazine.
- The Library's Teen Services Coordinator, Jennifer Velasquez, was selected as Librarian of the Year by The New York Times.
- San Antonio International was recognized by ACI-NA for having the best airport concessions program in a category that includes similar-sized airports.
- The Office of Management and Budget received the Annual Distinguished Budget Award from the Government Finance Officers Association, recognizing outstanding achievement in preparation of the 2006 Operating and Capital Budget.
- The San Antonio International Airport Concessions Program won three Airport Revenue News Awards including: Best Customer Service Airport-Wide; Most Unique Services; and Best Concession Management Team in the small airport division.
- The Planning Department was awarded a 2005 Program Excellence Award for Citizen Involvement by the International City/County Management Association for the department's Community Building and Neighborhood Planning Program.
- Aviation's television show, "Airport Airwaves," earned a Bronze Award in the Texas Public Relations Association's 2006 Silver Spur/Best of Texas competition.
- Community Initiatives' Youth Services Division was the recipient of a Northside Independent School District's Partnership Award.
- Sister Cities International named San Antonio's Sister Cities Program, administered by the International Affairs Department, as the Best Overall Program for cities with population greater than 500,000.
- The City received a 2006 San Antonio Water System Water Saver Award for the installation of water softeners for three chillers in downtown City offices that will save approximately 40 million gallons of water per year.
- The Public Works Department was the recipient of the 2006 Governmental Regional Project of the Year Award by the Alamo Area Council of Governments for its contributions to emergency response during the City's hurricane relief efforts.
- San Antonio ranked first in the nation for its 2006 National Night Out event. Over 150,000 people participated in 778 neighborhood events.
- The Brackenridge Park Rehabilitation Project received a Texas Recreation and Park Society Park Design Excellence Award.
- A special edition of "The HALL", a newsmagazine produced by the Communications and Public Affairs Department, received two awards: a Videographer Award of Distinction; and a Texas Association of Telecommunications Officer and Advisors (TATOA) Award. The show highlighted the City's hurricane relief efforts.
- The Communications and Public Affairs Department and Housing and Neighborhood Services Department also received a TATOA Award for their production of a show featuring the City's Emergency Assistance Program.
- San Antonio International Airport received a Beautification Award from Beautify San Antonio recognizing the recently-completed landscape along Airport Boulevard and South Terminal Street.
- The Police Department's SWAT Team won first place in the Texas Tactical Police Officers Association statewide competition and second place in the World SWAT Challenge.
- The Purchasing Division of the Administrative Services Department was awarded its tenth consecutive Achievement of Excellence in Procurement by the National Purchasing Institute. The award recognizes organizational performance in public or non-profit procurement.

FINANCIAL

San Antonio's continued economic growth can be attributed to its favorable business climate, its low cost of living, and its strong fiscal discipline. In 2006, the City of San Antonio municipal government again utilized revenues from utilities, property taxes and sales taxes to make critical investments in community priorities such as public safety, infrastructure and quality of life issues.

A number of industries contribute to San Antonio's economic success: convention and tourism, health care and biomedical science, aerospace, telecommunications, financial services, and domestic and international trade. A new Toyota vehicle assembly plant and its subsidiary suppliers have made manufacturing a new and burgeoning industry for the local economy. San Antonio also received good news in 2006 from the federal government when the Base Realignment and Closure Commission decided to increase military employment in San Antonio by 3,600 and invest another \$2 billion in local military installations. Finally, retail development continued to soar, especially with the opening of major shopping developments in north San Antonio and continued commercial development of the city's south side.

The economic outlook remains good for San Antonio. San Antonio streets and neighborhoods will see an even larger City presence in FY 2007 (October 1, 2006 to September 30, 2007) as a result of enhanced services included within the City budget adopted by City Council last September. One hundred police officers, increased street, sidewalk and alley maintenance, two new EMS units with 24 uniformed paramedic positions, 12 uniformed firefighter positions, more code enforcement officers, and additional funding for graffiti abatement services will increase public safety, improve roadways and sidewalks and make neighborhoods cleaner and safer.

For the second straight year, City services will not be challenged by a budgetary shortfall. Instead, updated revenue forecasts and lower than projected expenditures for FY 2007 have generated additional revenues to address City Council priorities and to include reserve funding for future years.

General Fund Revenues (FY 2006 Re-estimates)

CPS Energy	\$234.8 million	32.2%
Current Property Tax	\$178.4 million	24.5%
City Sales Tax	\$173.4 million	23.8%
Fines, licenses and permits, other	\$302.6 million	19.5%
Total	\$728.2 million	

General Fund Expenditures (FY 2006 Re-estimates)

Police	\$257.9 million	35.7%
Fire	\$163.0 million	22.6%
Public Works	\$57.9 million	8.0%
Parks and Recreation	\$56.1 million	7.8%
Library	\$23.0 million	3.2%
Development Services	\$14.9 million	2.1%
Community Initiatives	\$12.7 million	1.8%
Other Resources	\$136.9 million	18.8%
Total	\$722.4 million	

Tax Rate by Jurisdiction

The following sample statement of property taxes due demonstrates the portion of local taxes that are due to the City of San Antonio. This statement compares 2006 tax rates for a home located in the San Antonio Independent School District (tax rates may vary for each school district) valued at \$103,177, which is the FY 2006 average residence homestead value within the City of San Antonio. City taxes represent \$596.92 or 21.06% of the total taxes due.

San Antonio ISD	53.56%	\$1,518.41
City of San Antonio	21.06%	\$596.92
Bexar County	11.59%	\$328.59
University Health System	8.88%	\$251.62
Alamo Community College District	3.90%	\$110.45
San Antonio River Authority	0.57%	\$16.13
County Road and Flood	0.45%	\$12.74
Total	100.0%	\$2,834.85

10-Year Net Taxable Assessed Valuation

Fiscal Year	Tax Rate	Assessed Valuation
1996-1997	0.57979	\$28.3 billion
1997-1998	0.57979	\$29.4 billion
1998-1999	0.57979	\$31.3 billion
1999-2000	0.57979	\$33.3 billion
2000-2001	0.57979	\$36.0 billion
2001-2002	0.57854	\$39.6 billion
2002-2003	0.57854	\$41.5 billion
2003-2004	0.57854	\$44.6 billion
2004-2005	0.57854	\$46.5 billion
2005-2006	0.57854	\$49.9 billion
2006-2007	0.57854	\$56.8 billion

The actual market value of taxable property for FY 2006 is \$64.9 billion. However, the net value is \$56.8 billion as a result of a senior citizen homestead exemption (\$3.99 billion), a disabled resident homestead (\$114.8 million), and other exemptions.



City of San Antonio Executive Team

Office of the Mayor (Chief of Staff)	Larry Zinn	207-7060
City Council Offices (Assistant to the Council)	Gayle McDaniel	207-7040
Administrative Services	Florencio Peña	207-7260
Animal Care Services	Jeffrey L. Hale	207-6650
Asset Management	Shawn Eddy	207-4032
Aviation	Mark Webb	207-3450
City Auditor	Mark Swann (Acting)	207-2853
City Clerk	Leticia Vacek	207-7253
City South Management Authority	Robert Peche	207-6567
Communications and Public Affairs	Di Galvan	207-7234
Community Initiatives	Dennis J. Campa	207-7111
Convention and Visitors Bureau	Scott White	207-6700
Convention, Sports and Entertainment Facilities	Michael Sawaya	207-8500
Cultural Affairs	Felix Padron	207-8483
Customer Service/311 System	Antonio A. Bosmans	207-3312
Development Services	Roderick Sanchez (Interim)	207-8259
Downtown Operations	Paula X. Stallcup	207-3677
Economic Development	Robert Peche (Interim)	207-8080
Environmental Services	Rose Ryan (Interim)	207-6440
Finance	Ben Gorzell	207-8634
Fire/EMS	Robert Ojeda	207-8400
Grants Monitoring and Administration	Andrew W. Cameron	207-6600
Housing and Neighborhood Services	David D. Garza	207-7881
Human Resources	Flor D. Garcia (Interim)	207-6506
Information Technology Services	Hugh Miller (Acting)	207-8301
Innovation and Reform	Edward Belmares	207-8352
Intergovernmental Relations	Andrew Smith	207-8109
International Affairs	Elizabeth Costello	207-8100
Library	Ramiro Salazar	207-2644
Management and Budget	Peter Zanoni	207-8360
Municipal Court	Frederick Garcia, Jr.	207-7710
Parks & Recreation	Malcolm J. Matthews	207-8480
Planning and Community Development	Emil Moncivais	207-7873
Police	William McManus	207-7360
Public Works	Thomas G. Wendorf	207-8025
San Antonio Metropolitan Health District	Dr. Fernando A. Guerra	207-8731

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